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12 *Attorneys for Plaintiffs Core Holdings LLC*

13 *Vault Logic, Inc., Core Software LLC,*

and Capital Hero, Inc.

14

UNITED STATES DISTRICT COURT
DISTRICT OF ARIZONA
PHOENIX DIVISION

15

CORE HOLDINGS LLC; VAULT)
LOGIC, INC; CORE SOFTWARE) Case No.
LLC; AND CAPITAL HERO, INC.,)

16

COMPLAINT FOR:

17

Plaintiffs,)

1. BREACH OF FIDUCIARY

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v.)

DUTY;

19

TIM ROCHO,)

2. ABUSE OF CONTROL;

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Defendant.)

3. CORPORATE WASTE;

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4. BREACH OF CONTRACT/

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IMPLIED COVENANT OF

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GOOD FAITH AND FAIR

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DEALING;

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1) **5. NEGLIGENCE**
2) **MISREPRESENTATION;**
3) **6. FRAUD;**
4) **7. CONSTRUCTIVE FRAUD;**
5) **8. CONVERSION;**
6) **9. NEGLIGENCE;**
7) **10. GROSS NEGLIGENCE;**
8) **11. UNJUST ENRICHMENT;**
9) **AND**
10) **12. REQUEST FOR**
11) **INJUNCTION.**
12)

13 **JURY TRIAL DEMANDED**

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1 COME NOW Plaintiffs in the above-entitled matter, by and through their
2 attorneys, Stephen A. Crane Jr., Crane Law PLLC, and Emmanuel Rayes, Rayes
3 Law PLLC, and for the several causes of action set forth against Defendant named
4 above, state and allege as follows:

6 **I. PARTIES**

8 1. Plaintiff Core Holdings LLC (“CORE HOLDINGS”), is a Wyoming
9 limited liability corporation, located at City of Cheyenne, County of Laramie,
10 State of Wyoming.

11 2. Plaintiff Vault Logic, Inc. (“VAULT LOGIC”), is a Delaware
12 corporation with its registered address located at 3133 W. Frye Rd., Ste. 101
13 Chandler, Arizona 85226.

15 3. Plaintiff Core Software LLC (“CORE SOFTWARE”), is a Wyoming
16 limited liability corporation, located at City of Cheyenne, County of Laramie,
17 State of Wyoming.

19 4. Plaintiff Capital Hero, Inc. (“CAPITAL HERO”), is a Delaware
20 corporation with its registered address located at 8 The Green Ste. A, Dover, DE
21 19901.

23 5. CORE HOLDINGS is the holding company for VAULT LOGIC,
24 CORE SOFTWARE, and CAPITAL HERO (hereinafter “wholly owned
25 subsidiaries”).

1 6. Defendant Tim Rocho (hereinafter “Rocho” or “Defendant Rocho”),
2 is the former CEO of CORE HOLDINGS.

3 7. Defendant Rocho is the former CEO of VAULT LOGIC.

4 8. Defendant Rocho is the former CEO of CORE SOFTWARE.

5 9. Defendant Rocho is the former CEO of CAPITAL HERO.

6 10. Defendant Rocho, resides in the City of Mesa, County of Maricopa,
7
8 State of Arizona.

9 11. Third-Party MatterFi, Inc. (“MATTERFI”) is a Wyoming

10 corporation that develops technology, software applications and mobile

11 applications for cryptocurrency money services businesses, as well as licenses

12 intellectual property to various money services businesses.

13 12. Defendant Rocho served as an officer of CORE HOLDINGS and as
14
15 an officer of Third-Party MATTERFI, concurrently.

16 13. Defendant Rocho served as an officer of VAULT LOGIC and as an
17
18 officer of Third-Party MATTERFI, concurrently.

19 14. Defendant Rocho served as an officer of CORE SOFTWARE and as
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21 an officer of Third-Party MATTERFI, concurrently.

22 15. Defendant Rocho served as an officer of CAPITAL HERO and as an
23
24 officer of Third-Party MATTERFI, concurrently.

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II. JURISDICTION AND VENUE

11 17. This Court has personal jurisdiction over the Defendant Rocho
12 because events complained of herein occurred in, or arose from, transactions and
13 conduct occurring in whole or in part in Maricopa County, Arizona.
14

15 18. Defendant Rocho has sufficient contacts with Arizona because he
16 resides there and conducted substantial business in Arizona while acting as CEO
17 of CORE HOLDINGS, VAULT LOGIC, CORE SOFTWARE and CAPITAL
18 HERO.

19. Defendant Rocho has sufficient contacts with the State of Arizona
20 while acting as CEO of CORE HOLDINGS, VAULT LOGIC, CORE
21 SOFTWARE and CAPITAL HERO.to make proper the exercise of personal
22 jurisdiction over him.
23

1 20. Defendant Rocho has significant minimum contacts with this Court
2 to render the exercise of jurisdiction by this Court permissible under the traditional
3 notion of fair play and substantial justice.

4 21. Venue is proper in this Court pursuant to A.R.S. §12-401. A
5 substantial part of the events or omissions giving rise to the claims alleged herein
6 occurred in the District of Arizona. VAULT LOGIC filed Arizona tax returns and
7 has a main business address in Chandler, Arizona which is within this District. In
8 addition, CORE HOLDINGS was granted an extension to file its tax returns and
9 plans to file within this District. Defendant Rocho conducted business operations
10 and/or resides in the District, rendering venue in this District proper.

13 **III. OVERVIEW OF WRONGDOING**

14 22. Plaintiffs bring this lawsuit to prevent the blatant improper self-
15 dealing, gross mismanagement, breaches of fiduciary duty and other willful
16 misconduct committed by Defendant Rocho while acting as CEO of CORE
17 HOLDINGS, and its wholly owned subsidiaries.

18 23. Defendant Rocho received a substantial amount of common stock as
19 a founder in Third-Party MATTERFI without fully disclosing this information to
20 the Directors of CORE HOLDINGS, and its wholly owned subsidiaries.

21 24. Defendant Rocho, during his time as acting CEO of CORE
22 HOLDINGS, and its wholly owned subsidiaries and CEO of Third-Party
23 MATTERFI concurrently, operated CORE HOLDINGS, and its wholly owned
24

1 subsidiaries at a net loss, while Third-Party MATTERFI was gaining market value
2 and capital.

3 25. Defendant Rocho, during his time as acting CEO of CORE
4 HOLDINGS, and its wholly owned subsidiaries, used the resources of CORE
5 HOLDINGS, and its wholly owned subsidiaries, to unjustly enrich himself to the
6 detriment of CORE HOLDINGS, and its wholly owned subsidiaries.

7
8 26. During his time as CEO of CORE HOLDINGS, and its wholly
9 owned subsidiaries, and Third-Party MATTERFI, Defendant Rocho had a
10 property interest in MATTERFI.

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12 27. Defendant Rocho's entire property interest in Third-Party
13 MATTERFI was concealed from CORE HOLDINGS, and its wholly owned
14 subsidiaries.

15
16 28. Defendant Rocho held the position of CEO of CORE HOLDINGS
17 and Third-Party MATTERFI contemporaneously thereby creating an inherent
18 and/or concurrent conflict of interest.

19
20 29. Defendant Rocho held the position of CEO of VAULT LOGIC and
21 Third-Party MATTERFI contemporaneously thereby creating an inherent and/or
22 concurrent conflict of interest.

23
24 30. Defendant Rocho held the position of CEO of CORE SOFTWARE
25 and Third-Party MATTERFI contemporaneously thereby creating an inherent
26 and/or concurrent conflict of interest.

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1 31. Defendant Rocho held the position of CEO of CAPITAL HERO and
2 Third-Party MATTERFI contemporaneously thereby creating an inherent and/or
3 concurrent conflict of interest.

4 32. The inherent and/or concurrent conflict of interest resulted in
5 substantial damages to CORE HOLDINGS, VAULT LOGIC, CORE
6 SOFTWARE and CAPITAL HERO.

8 33. The inherent and/or concurrent conflict of interest resulted in
9 substantial financial benefits to Defendant Rocho.

11 34. After the discovery of Defendant Rocho's *inter alia* self-dealing and
12 breach of fiduciary duty, Defendant Rocho was terminated as CEO of CORE
13 HOLDINGS.

14 35. After the discovery of Defendant Rocho's *inter alia* self-dealing and
15 breach of fiduciary duty, Defendant Rocho was terminated as CEO of VAULT
16 LOGIC.

18 36. After the discovery of Defendant Rocho's *inter alia* self-dealing and
19 breach of fiduciary duty, Defendant Rocho was terminated as CEO of CORE
20 SOFTWARE.

22 37. After the discovery of Defendant Rocho's *inter alia* self-dealing and
23 breach of fiduciary duty, Defendant Rocho was terminated as CEO of CAPITAL
24 HERO.

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1 **IV. FACTS COMMON TO ALL CAUSES OF ACTION**

2 38. VAULT LOGIC is a company that was formed for the purpose of
3 manufacturing and dispensing multi-use Bitcoin automatic teller machines
4 (“BTM”), and provide hardware and software for those BTM’s and related items
5 by developing technology and software for cryptocurrency applications within
6 BTM’s and other money service platforms.

7 39. On October 3, 2017, VAULT LOGIC was incorporated as a
8 9 Delaware corporation.

10 40. In or about 2019, Defendant Rocho was hired as CEO of VAULT
11 12 LOGIC.

13 14 **A. AS CEO OF VAULT LOGIC, DEFENDANT ROCHO**
15 **DIVIDED VAULT LOGIC INTO FOUR SEPARATE**
16 **CORPORATE ENTITIES**

17 41. As one of his first acts as CEO, Defendant Rocho divided VAULT
18 19 LOGIC into four separate corporate entities:

- 20 a. CORE HOLDINGS is the holding company for the entities VAULT
21 22 LOGIC, CORE SOFTWARE and CAPITAL HERO.
- 23 b. VAULT LOGIC manufactures bitcoin automatic teller machines
24 25 (“BTM”) and sells the BTMs deployers and distributors in the
26 27 cryptocurrency space. VAULT LOGIC distributes and places BTMs
28 29 directly and receives revenue from BTM sales to deployers and
 30 locations. VAULT LOGIC has value as a manufacturer holding
 31 BTM intellectual property and inventory.

- c. CORE SOFTWARE develops software, mobile applications for VAULT LOGIC's products and other cryptocurrency and money services businesses. CORE SOFTWARE holds the software intellectual property and licenses this proprietary software to CAPITAL HERO and revenue is generated through licensing fees and software development contracts. CORE SOFTWARE has stand-alone value in the intellectual property, licensing fees and as a software development house.

- d. CAPITAL HERO is a company that performs money services and money transmission as well as administering anti-money laundering compliance for the BTMs. CAPITAL HERO acquires licensing from CORE SOFTWARE and then sub-licenses this software to deployers. CAPITAL HERO receives recurring revenue from license fees and has stand-alone value based on fee revenue and bank relationships.

42. As CEO, Defendant Rocho had full control of CORE HOLDINGS, and its wholly owned subsidiaries.

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B. THE MATTERFI DEVELOPMENT TEAM

2 43. In or about September 2020, as CEO of CORE HOLDINGS and
3 CORE SOFTWARE, Defendant Rocho employed and directed a “development
4 team,” later to be known and incorporated as MATTERFI.

6 44. Defendant Rocho employed and directed the MATTERFI
7 “development team” to design a software and hardware cryptocurrency wallet that
8 would be used in the BTMs to store various types of cryptocurrencies.

9 45. The MATTERFI development team and CORE SOFTWARE
10 performed and continues to perform the same functions developing software and
11 hardware technologies for money service businesses and licensing this technology
12 to others.

14 46. In light the market segment in which they compete, third-party
15 MATTERFI and CORE SOFTWARE are competitors.

17 47. CORE HOLDINGS Operating Agreement Section 6.07 states:

18 Officers of the Company shall devote
19 such time and efforts as necessary and
20 appropriate to fulfill their duties and shall
21 not engage in any activities, on behalf of
22 the Company or otherwise, that are
competitive with the activities or potential
activities of the Company.

23 48. Upon information and belief, third-party MATTERFI had not been
24 formed as a separate company from CORE HOLDINGS and was 100% controlled
25 by CORE HOLDINGS

1 49. CORE HOLDINGS, or one of its wholly owned subsidiaries, paid
2 Third-Party MATTERFI's in whole or in part operating expenses.

3 50. Upon information and belief, CORE HOLDINGS, or one or more of
4 its wholly owned subsidiaries, continues to pay a portion of Third-Party
5 MATTERFI's operating expenses

6 51. Upon information and belief, the MATTERFI arrangement with
7 CORE HOLDINGS, or one or more of its wholly owned subsidiaries, that
8 Defendant Rocho sought and approved went against the advice of Counsel.

9 52. Counsel was retained by CORE HOLDINGS, or one or more of its
10 wholly owned subsidiaries, with Defendant Rocho's approval to conduct due
11 diligence regarding employing the MATTERFI development team to develop a
12 cryptocurrency software and hardware wallet.

13 53. Counsel presented his mental impressions, opinions, and conclusion
14 to Defendant Rocho.

15 54. In rendering his mental impressions, opinions, and conclusion to
16 Defendant Rocho, Counsel questioned the arrangement with MATTERFI. Among
17 other things, Counsel advised Defendant Rocho that he concerned such an
18 arrangement would fail to meet the initial goals of CORE HOLDINGS, and its
19 wholly owned subsidiaries. Those goals included: fast to deploy a cryptocurrency
20 software and hardware wallet; a technology leap; and minimize expenses.

21 55. Counsel questioned the need for the cryptocurrency software and
22 hardware wallet that MATTERFI development team was developing because such
23

1 software and hardware, at the time, could have been built by CORE HOLDINGS
2 in a significantly lesser time, at a significantly reduced cost and without debt. In
3 addition, CORE HOLDINGS could have developed the software and hardware on
4 its own from scratch and have it fully tested within months from their start of
5 development. Counsel asserted that it would take at least one year for deployment
6 by the MATTERFI development of an operation and secure wallet, which went
7 against CORE HOLDINGS' initial goal of fast deployment.
8

9 56. Disregarding counsel's mental impressions, opinions, conclusions
10 and due diligence, Defendant Rocho tasked the MATTERFI development team to
11 create a cryptocurrency software and hardware wallet for CORE HOLDINGS, and
12 its wholly owned subsidiaries.
13

14 57. Defendant Rocho moved forward with the MATTERFI development
15 team against Counsel's advice because it was more beneficial to his personal
16 interest.
17

18 58. In moving forward with the MATTERFI development team,
19 Defendant Rocho failed to secure for CORE HOLDINGS', and its wholly owned
20 subsidiaries', the benefit of the technology and intellectual property rights Third-
21 Party MATTERFI was tasked by Defendant Rocho to develop.
22

23 59. Defendant Rocho's failure to secure the property rights of the
24 software and hardware that the MATTERFI team was developing constitutes a
25 breach of the CORE HOLDINGS Operating Agreement Section 9.03(a) & (b)(See
26 Exhibit A).
27

1 60. CORE HOLDINGS Operating Agreement Section 9.03(a) states:

2 Each Member who provides services to
3 the Company acknowledges and agrees
4 that all right, title, and interest in and to
5 all Work Product as well as any
6 Intellectual Property Rights therein and
7 all improvements thereto shall be the sole
8 and exclusive property of the Company.

9 61. CORE HOLDINGS Operating Agreement Section 9.03(b) states:

10 Each Member whom provides services
11 to the Company acknowledges that, by
12 reason of being a Member, to the extent
13 permitted by law, all Work Product
14 consisting of copyrightable subject
15 matter is “work made for hire” as
16 defined in the Copyright Act of 1976
17 (17 U.S.C. §101), and such copyrights
18 are therefore owned by the Company.

19 C. **DEFENDANT ROCHE'S CONCURRENT CONFLICT OF**
20 **INTEREST, WHEREIN MATTERFI WITH ESSENTIAL**
21 **FUNDING FROM CORE HOLDINGS AND WITH**
22 **DEFENDANT'S ASSISTANCE, FORMED AS A**
23 **SEPARATE COMPANY FROM CORE HOLDINGS**

24 62. On November 6, 2020, Third-Party MATTERFI was formed as a
25 Wyoming corporation.

26 63. Defendant Roche was listed as the CEO of Third-Party MATTERFI.

27 64. While acting CEO of CORE SOFTWARE, Defendant Roche
28 secured funding from CORE SOFTWARE for the MATTERFI development team
29 to develop software that would be used by CORE SOFTWARE.

30 65. CORE SOFTWARE was the initial investor in Third-Party
31 MATTERFI in the amount of \$100,000.

1 66. All transfers of capital for CORE SOFTWARE investment into
2 Third-Party MATTERFI came from Plaintiff CORE HOLDINGS, and its wholly
3 owned subsidiaries, specifically by way of VAULT LOGIC's bank account.
4

5 67. On August 10, 2020, Defendant Rocho was issued 180,000 common
6 voting units of CORE HOLDINGS through an equity incentive plan issued by the
7 Manager of CORE HOLDINGS.

8 68. The initial \$100,000 investment from CORE SOFTWARE to Third-
9 Party MATTERFI paid for operational expenses, salaries, attorney fees, and patent
10 and trademark fees among other things.
11

12 69. The \$100,000 investment from CORE SOFTWARE to Third-Party
13 MATTERFI was distributed as early as November 2020.
14

15 70. In or about December 2020, Defendant Rocho retained full control
16 of Third-Party MATTERFI's financial account(s) and used Third-Party
17 MATTERFI's funds for personal expenditures.
18

19 71. Defendant Rocho's personal expenditures from Third-Party
20 MATTERFI's financial account(s) were paid by Plaintiff CORE HOLDINGS
21 without CORE HOLDINGS' knowledge or consent.
22

23 72. On December 18, 2020, Third-Party MATTERFI and CORE
24 SOFTWARE entered into an agreement labeled "MatterFi White Label Crypto
25 Processing System Agreement" ("White Label Agreement").
26
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1 73. Under the terms of the White Label Agreement, Third-Party
2 MATTERFI developed a “plug and play” crypto processing system that would be
3 licensed to CORE SOFTWARE for a purchase price of \$120,000.
4

5 74. In or about January 2021, Defendant Rocho directed the controller
6 of Third-Party MATTERFI to pay him a salary of \$3,750 per month, which was
7 not disclosed to Plaintiff CORE HOLDINGS.
8

9 75. Upon information and belief, Defendant Rocho directed the Chief
10 Financial Officer of CORE HOLDINGS to pay him a salary from VAULT
11 LOGIC’S bank account.
12

13 76. The payment of Defendant Rocho’s salary out of VAULT LOGIC’S
14 bank account was done unbeknownst the VAULT LOGIC’S director.
15

16 77. On February 10, 2021, Defendant Rocho called the controller of
17 Third-Party MATTERFI to negotiate his stock option plan. During call with
18 Third-Party MATTERFI’s controller, Defendant Rocho alluded to have been
19 drinking and was noticeably intoxicated. Defendant Rocho sought to acquire
20 4.25% of Third-Party MATTERFI through an upcoming Equity Incentive Plan
21 and 3.25% of Third-Party MATTERFI immediately as founders stock that vested
22 on the same accelerated schedule as the controller or 50% right away.
23

24 78. Defendant Rocho made this decision as CEO of CORE HOLDINGS
25 and CEO of Third-Party MATTERFI, while intoxicated.
26
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1 79. Upon information and belief, Defendant Rocho did not follow
2 through with his directive to Third-Party MATTERFI's controller because he was
3 too intoxicated to remember to.

4 80. Defendant Rocho would contact vendors while intoxicated.

5 Defendant Rocho was so intoxicated attending an industry event that at the end of
6 the evening he had to be wheelchaired through to the hotel to his room.

7 81. In or about March 2021, Defendant Rocho was demoted from CEO
8 to President of Third-Party MATTERFI.

9 82. On April 4, 2021, according to Third-Party MATTERFI
10 organizational minutes, Defendant Rocho was appointed to the Board of Directors
11 of Third-Party MATTERFI and Defendant Rocho was named President of Third-
12 Party MATTERFI.

13 83. On April 4, 2021, according to Third-Party MATTERFI
14 organizational minutes, Defendant Rocho was issued founder stock in the amount
15 of 2,248,498 Class "A" Common Stock and 6,664,000 Matter Tokens, without
16 disclosing his interest in Third-Party MATTERFI to the Manager of CORE
17 HOLDINGS.

18 84. Furthermore, Defendant Rocho received 1,339,000 Rune Shares
19 which equated to an additional 267,800 Class "A" Common Stock of Third-Party
20 MATTERFI and 793,475 Matter Tokens, without disclosing his interest in Third-
21 Party MATTERFI to the Manager of CORE HOLDINGS.

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1 85. In total, Defendant Rocho acquired 18.64% fully diluted Class “A”
2 Common Stock in Third-Party MATTERFI whereas CORE HOLDINGS, and its
3 wholly owned subsidiaries, specifically CORE SOFTWARE, received 7.5% fully
4 diluted Class “A” Common Stock in Third-Party MATTERFI.
5

6 **D. DEFENDANT ROCHO’S BLATANT SELF-DEALING**

7 86. Under this complaint, Plaintiffs allege that Defendant Rocho
8 knowingly or recklessly violated his fiduciary duties, including duties of loyalty,
9 good faith and independence owned to Plaintiffs.

10 87. Defendant Rocho received an interest in Third-Party MATTERFI
11 without the knowledge, approval, or consent of CORE HOLDINGS.

13 88. In other words, Defendant Rocho failed to fully disclose his interest
14 in Third-Party MATTERFI to CORE HOLDINGS, nor did Defendant Rocho
15 receive informed consent from CORE HOLDINGS for his interest.

17 89. Once CORE HOLDINGS became aware of Defendant Rocho’s
18 interest in Third-Party MATTERFI, the manager of CORE HOLDINGS objected.

19 90. Upon information and belief, Defendant Rocho received founders
20 stock in Third-Party MATTERFI and was being appointed its President and board
21 member because Defendant secured the initial funding from CORE HOLDINGS
22 for Third-Party MATTERFI.

24 91. On May 12, 2021, MATTERFI’s board of directors, approved by
25 unanimous written consent, a Class “A” Common Stock Purchase Agreement
26 between MATTERFI and Plaintiff CORE SOFTWARE.

1 92. Pursuant to the board's approval of the Class "A" Common Stock
2 Purchase Agreement, MATTERFI issued 1,012,412 of Class A voting stock for
3 the price of \$100,000 to Plaintiff CORE SOFTWARE.

5 93. On June 16, 2021, Defendant Rocho signed the Class "A" Common
6 Stock Purchase Agreement on behalf of CORE SOFTWARE using a MATTERFI
7 email address.

8 94. In or about July 2021, Third-Party MATTERFI had a market value
9 of \$20,000,000 (USD).
10

11 95. In or about August 2021, Defendant Rocho was fired from his
12 employment with Third-Party MATTERFI.

16 97. Defendant Rocho's acts and actions as CEO of CORE HOLDINGS,
17 VAULT LOGIC, CORE SOFTWARE and CAPITAL HERO resulted in
18 substantial damages to CORE HOLDINGS, and its wholly owned subsidiaries, in
19 an amount more than \$3,000,000.00.

V. CAUSES OF ACTION

FIRST CLAIM FOR RELIEF

1. **BREACH OF FIDUCIARY DUTY**

24 98. Plaintiffs incorporate each paragraph above into this claim.

1 99. Defendant Rocho is sued under this cause of action because he owed
2 a fiduciary duty to Plaintiffs either as a matter of corporate law or as a matter of
3 contract and agency law.

5 100. As an Officer of CORE HOLDINGS, Defendant Rocho owed
6 fiduciary duties of care, loyalty, and good faith to CORE HOLDINGS and its
7 stockholders.

8 101. Defendant Rocho's fiduciary duties included obligations to exercise
9 good business judgment, to act prudently in the operation of CORE HOLDINGS's
10 business, to discharge his actions in good faith, to act in the best interests of
11 CORE HOLDINGS and its stockholders, and to put the interest of CORE
12 HOLDINGS before his own.
13

14. 102. Pursuant to CORE HOLDINGS's Operating Agreement (See Exhibit
15 A), Defendant Roche specifically had a fiduciary duty to CORE HOLDINGS and
16 its shareholders, including a specific fiduciary duty to supervise the relationship of
17 CORE HOLDINGS and Third-Party MATTERFI.
18

19 103. In or around 2019, Defendant Rocho was hired as CEO of CORE
20
21 HOLDINGS, and its wholly owned subsidiaries.

22 104. Beginning with Defendant Rocho's employment as CORE
23 HOLDINGS CEO, Defendant Rocho was responsible for managing CORE
24 HOLDINGS, and its wholly owned subsidiaries, in a profitable fashion and
25 developing the software necessary to bring CORE HOLDINGS, and its wholly
26 owned subsidiaries, to market.
27

1 105. A CEO owes a special duty to its company, which is called a
2 fiduciary duty or duty of loyalty. Further as an officer of its principal, a CEO
3 stands in a position of trust, which also creates a fiduciary duty.
4

5 106. This duty requires the CEO to deal in the utmost good faith on
6 behalf of the client and fully disclose all material facts that may affect the
7 company adversely.

8 107. Defendant Rocho owed CORE HOLDINGS, and its wholly owned
9 subsidiaries, the highest obligation of good faith and loyalty in the administration
10 of the affairs of CORE HOLDINGS, and its wholly owned subsidiaries, including
11 the due diligence done regarding any fundamental corporate decisions made by
12 CORE HOLDINGS, and its wholly owned subsidiaries.
13

14 108. Defendant Rocho breached this duty by among other things:
15

- 16 a. Misappropriating common stock in Third-Party MATTERFI;
- 17 b. Disclosing confidential information to Third-Party MATTERFI and
18 other third parties;
- 19 c. Intentionally misleading CORE HOLDINGS and its directors;
- 20 d. Lying or committing other acts of dishonesty to CORE HOLDINGS;
- 21 e. Defrauding CORE HOLDINGS and concealing material information
22 by failing to make full disclosure to CORE HOLDINGS of his
23 interest in Third-Party MATTERFI; and
24

25

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1 f. Going against the due diligence performed by and opinion of
2 Counsel in pursuing the arrangement with the MATTERFI
3 development team.

5 109. Defendant Rocho violated his duty of care because he approved the
6 initial investment in Third-Party MATTERFI by CORE HOLDINGS for
7 \$100,000, and in return CORE HOLDINGS received approximately 7.5% Class
8 “A” Common Stock fully diluted as an initial investor, while Defendant received
9 approximately 18.64% of Third-Party MATTERFI Class “A” Common Stock
10 fully diluted as a founder.
11

12 110. Defendant Rocho failed to disclose his interest in Third-Party
13 MATTERFI. His interest was in the form of 18.64% of MATTERFI founders'
14 stock.
15

16 111. Defendant Rocho's interest in Third-Party MATTERFI was
17 discovered by directors of CORE HOLDINGS after CORE HOLDINGS' initial
18 \$100,000 investment in Third-Party MATTERFI was made.

112. Defendant Rocho conducted due diligence. However, he ignored the
113 professional's recommendation of Counsel. Instead, Defendant Rocho made the
114 decision based on his self-interest and not the interest of the shareholders of
115 CORE HOLDINGS, and its wholly owned subsidiaries.

113. Defendant Rocho's breach caused Plaintiffs to be damaged in an
amount to be proven at trial, in an amount more than \$100,000.00 not including
attorney fees, interest and other costs.

SECOND CLAIM FOR RELIEF

2. ABUSE OF CONTROL

114. Plaintiff incorporates each paragraph above into this claim.

115. By virtue of his position as CEO of CORE HOLDINGS, and its
y owned subsidiaries, Defendant Rocho exercised control over the operations
RE HOLDINGS, and its wholly owned subsidiaries, and owed duties as
olling person to CORE HOLDINGS, and its wholly owned subsidiaries, not
his position of control within CORE HOLDINGS and its wholly owned
diaries for his personal interest and contrary to the interest of CORE
DINGS, and its wholly owned subsidiaries.

116. Defendant Rocho's conduct amounts to an abuse of his control of
CORE HOLDINGS, and its wholly owned subsidiaries, in violation of his
duties owing to both CORE HOLDINGS and its wholly owned subsidiaries.

117. Defendant Rocho put his own pecuniary interest ahead of that of
CORE HOLDINGS, and its wholly owned subsidiaries.

118. Defendant Rocho abused his control of CORE HOLDINGS, and its wholly owned subsidiaries, by putting his self-interest ahead of the best interest of CORE HOLDINGS and its wholly owned subsidiaries.

119. As a result of Defendant Rocho's abuse of control, CORE HOLDINGS, and its wholly owned subsidiaries, has sustained and will continue to sustain damages and injuries for which it has no adequate remedy at law, including but not limited to the damages resulting from the decision by the management of

1 CORE HOLDINGS, and its wholly owned subsidiaries, to make the initial
2 investment in Third-Party MATTERFI, which was based in whole or in part on
3 Defendant Rocho's advice and/or direction.

5 120. The acts of Defendant Rocho were done maliciously, oppressively,
6 and with intent to defraud and Plaintiffs are entitled to punitive and exemplary
7 damages in an amount to be shown according to proof at the time of trial, in an
8 amount more than \$100,000.00 not including attorney fees, interest and other
9 costs.
10

THIRD CLAIM FOR RELIEF

3. CORPORATE WASTE

121. Plaintiff incorporates each paragraph above into this claim.

14 122. As alleged in detail herein, Defendant Rocho had a fiduciary duty to
15 exercise good faith and diligence in the administration of the affairs of CORE
16 HOLDINGS, and its wholly owned subsidiaries, and in the use and preservation of
17 its property and assets, and the highest obligation of fair dealing.
18

19 123. Defendant Rocho wasted CORE HOLDINGS', and its wholly
20 owned subsidiaries', corporate assets by failing to conduct proper due diligence
21 regarding the investment in MATTERFI.

23 124. Defendant Rocho decided to waste corporate resources by acquiring
24 a substantial amount of founders stock in Third-Party MATTERFI without fully
25 disclosing to the management of CORE HOLDINGS, and its wholly owned

1 subsidiaries, to the detriment of CORE HOLDINGS and its shareholders, while
2 acting as CEO of CORE HOLDINGS, and its wholly owned subsidiaries.

3 125. Defendant Rocho wasted corporate assets by paying improper
4 compensation and bonuses to himself after breaching his fiduciary duty as CEO of
5 CORE HOLDINGS by acquiring founders stock in Third-Party MATTERFI and
6 paying himself a salary as Third-Party MATTERFI's CEO, both unbeknownst to
7 the management of CORE HOLDINGS, and unbeknownst to its wholly owned
8 subsidiaries.

11 126. As a result of Defendant Rocho's wrongful conduct, CORE
12 HOLDINGS, and its wholly owned subsidiaries, have suffered and continues to
13 suffer economic and non-economic losses, all in an amount to be determined
14 according to proof at trial, in an amount in excess of \$100,000.00 not including
15 attorney fees, interest and other costs.
16

FOURTH CLAIM FOR RELIEF

4. BREACH OF CONTRACT/IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING

20 127 Plaintiffs incorporate each paragraph above into this claim

21 128. A contract existed between CORE HOLDINGS and its wholly
22 owned subsidiaries and Defendant Roche. (See Exhibit A),
23

24 129. Pursuant to the contract, Plaintiffs expected Defendant Roche
25 would:

26 a. Comply with his fiduciary duties

b. Perform his professional obligations without impairing Plaintiffs' business.

- c. Not convert Plaintiffs' property, opportunities, interests, and expectancies for his personal use.

130. Defendant Rocho denied CORE HOLDINGS, and its wholly owned
subsidiaries, these expected benefits of the contract by his misappropriation of
CORE HOLDINGS', and its wholly owned subsidiaries', property, opportunities,
rights, and expectancies.

131. Defendant Rocho breached his contract, as well as the implied covenant of good faith and fair dealing that is implied into every contract under Arizona law, with CORE HOLDINGS, and its wholly owned subsidiaries, by:

- a. disclosing confidential information,
- b. inducing, influencing, or encouraging any existing or prospective customer, supplier or other business partner of the Plaintiffs for purposes of diverting their business or services from the Plaintiffs,
- c. reducing or limiting Plaintiffs' intellectual property rights for work made for hire,

- d. converting Plaintiffs work product, and
- e. engaging in activities that are competitive with the activities or potential activities of the Plaintiffs.

132. As a direct result of Defendant Rocho's improper breach of contract
implied covenant of good faith and fair dealing, Plaintiffs have been injured.

1 133. Due to Defendant Rocho's breach of contract and implied covenant
2 of good faith and fair dealing, Plaintiffs incurred damages, in an amount to be
3 proven at trial, more than \$100,000.00, not including attorney fees, interest and
4 other costs.
5

6 **FIFTH CLAIM FOR RELIEF**

7 **5. NEGLIGENCE MISREPRESENTATION**

8 134. Plaintiffs incorporate each paragraph above into this claim.

9 135. Defendant Rocho either provided CORE HOLDINGS, and its
10 wholly owned subsidiaries, with false or incorrect information, or omitted or failed
11 to disclose material information.
12

13 136. Defendant Rocho intended CORE HOLDINGS, and its wholly
14 owned subsidiaries, to rely on the false or incorrect information provided and
15 Defendant Rocho provided it for that purpose.
16

17 137. Defendant Rocho failed to exercise reasonable care or competence in
18 obtaining or communicating false or incorrect information and omitting for failing
19 to disclose material information when the initial investment was made in Third-
20 Party MATTERFI and he failed to disclose his pecuniary interest in the
21 transaction.
22

23 138. CORE HOLDINGS, and its wholly owned subsidiaries, justifiably
24 relied on Defendant Rocho's false or incorrect information.
25

26 139. As a result of Defendant Rocho's false or incorrect information and
27 omission of material facts, CORE HOLDINGS, and its wholly owned subsidiaries,
28

1 were damaged in an amount to be proven at trial, in an amount more than
2 \$100,000.00 not including attorney fees, interest and other costs.

SIXTH CLAIM FOR RELIEF

6. FRAUD

140. Plaintiffs incorporate each paragraph above into this claim.

7 141. Defendant Rocho made repeated false representations regarding his
8 interest in MATTERFI to the agents of CORE HOLDINGS, and its wholly owned
9 subsidiaries.

10 142. Defendant Rocho's representations were material because they were
11
12 sufficiently important to influence a reasonable person's action.

143. Defendant Rocho knew his representations were false.

14 144. Defendant Rocho intended that Plaintiffs' agents would act upon the
15 representation in the manner reasonably contemplated by Defendant Rocho.

16 145. Plaintiffs' agents were not fully aware of the false representations or
17
18 fully aware of their falsity.

19 146. Plaintiffs and/or Plaintiffs' agents relied on the truth of Defendant
20 Rocho's representations and their reliance was justified under the circumstances.

147. As a result of Defendant Rocho's material misrepresentations,

23 Plaintiffs were damaged in an amount to be proven at trial, in an amount in excess
24 of \$100,000.00 not including attorney fees, interest and other costs.

SEVENTH CLAIM FOR RELIEF

7. CONSTRUCTIVE FRAUD

2 148. Plaintiffs incorporate each paragraph above into this claim.

3 149. Defendant Roche had a fiduciary duty to Plaintiffs CORE
4 HOLDINGS, and its wholly owned subsidiaries.

6 150. Defendant Rocho represented that he was acquiring interest in Third-
7 Party MATTERFI for Plaintiffs for the initial investment made by Plaintiffs
8 through the Class "A" Common Stock Purchase Agreement.

9 151. Defendant Rocho failed to make a full and truthful disclosure of all
10 facts to Plaintiffs because Defendant Rocho did not fully disclose the fact that he
11 received an interest in Third-Party MATTERFI in the form of founders stock.
12

13 152. Defendant Rocho misrepresented and concealed facts from
14 Plaintiffs.

¹⁵³ Defendant Rocho's conduct deceived Plaintiffs.

154 Defendant Rocho's conduct constitutes constructive fraud

18 155. The willful and intentional fraud, as set forth in this complaint is of
19 such an aggravated or outrageous nature to indicate motive and willful
20 misconduct.

22 156. Defendant Rocho's fraud has damaged Plaintiffs in an amount to be
23 proven at trial, in an amount in excess of \$100,000.00 not including attorney fees,
24 interest and other costs and Plaintiffs are entitled to an award of exemplary
25 damages based on the inappropriate and willfully fraudulent conduct of Defendant
26 Rocho.
27

EIGHTH CLAIM FOR RELIEF

8. CONVERSION

3 157. Plaintiffs incorporate each paragraph above into this claim.

4 158. Plaintiffs had a right to possess the founders stock in MATTERFI
5 that was misappropriated by Defendant Rocho.

7 159. Defendant Rocho intentionally exercised dominion and control over
8 Plaintiffs property.

9 160. Plaintiffs were deprived possession or use of the property
10 misappropriated by Defendant Rocho.

11 161. Defendant Rocho misappropriation damaged Plaintiffs in an amount
12 13 to be proven at trial, in an amount in excess of \$100,000.00 not including attorney
14 14 fees, interest and other costs.

NINTH CLAIM FOR RELIEF

9. NEGLIGENCE

17 162. Plaintiffs incorporate each paragraph above into this claim.

18 163. Defendant Rocho owed a duty to use reasonable care, skill, and
19 diligence in the performance of his duties and was negligent in, but not limited to
20 the following manner:

21

22 a. Failing to acquire Third-Party MATTERFI intellectual property on
23 behalf of the Plaintiffs;

24 b. Failing to fully disclose his interest in Third-Party MATTERFI,
25 acquiring 18.64% founders stock, to Plaintiffs; and/or
26

- c. Failing to negotiate favorable terms for Plaintiffs in the transaction making the initial investment in Third-Party MATTERFI.

164. Defendant Rocho's acts and/or omissions constitute a failure to use
care as described above resulting in a breach of his duty.

165. Defendant Rocho's failure to use care was the proximate and
causing cause of Plaintiff's damages as described more thoroughly herein.

166. Defendant Rocho is liable to Plaintiffs for damages as a direct result of Defendant Rocho's negligence.

167. Plaintiffs are entitled to damages in an amount to be shown
168. ~~to proof at time of trial, in an amount more than \$100,000.00 not
169. exceeding attorney fees, interest and other costs.~~

TENTH CLAIM FOR RELIEF

168. Plaintiffs incorporate each paragraph above into this claim.

169. As alleged herein, Defendant Rocho received founders stock in a competitor Third-Party MATTERFI without fully disclosing to Plaintiffs to whom he owed a duty of care to as an Officer of the company. Defendant Rocho's acts and omissions are of such character to rise to the level of gross negligence.

170. The acts or omissions of Defendant Rocho were carried out with a
ous disregard for the rights of the Plaintiffs and with actual awareness on
part of Defendant that his acts would, in reasonable probability, result in
ages to the Plaintiffs.

1 171. As further alleged herein, Defendant Rocho's conduct constitutes a
2 want of even scant care and an extreme departure from the ordinary standard of
3 conduct. Such contemptible lack of care represents an extreme departure from the
4 ordinary standard of conduct in the context to the situation.
5

6 172. Defendant Rocho's grossly negligent conduct resulted in damages to
7 Plaintiffs.

8 173. As a direct and proximate result of Defendant Rocho's grossly
9 negligent conduct, Plaintiffs are entitled to recover compensatory damages in an
10 amount according to proof at time of trial, in an amount in excess of \$100,000.00
11 not including attorney fees, interest and other costs.

13 **ELEVENTH CLAIM FOR RELIEF**

14 **11. UNJUST ENRICHMENT**

15 174. Plaintiffs incorporate each paragraph above into this claim.

16 175. Defendant Rocho derived compensation, stock and other benefits
17 from CORE HOLDINGS, and its wholly owned subsidiaries, and was otherwise
18 unjustly enriched for his management of CORE HOLDINGS, and its wholly
19 owned subsidiaries, during the time in which the wrongful practices occurred, to
20 the detriment of CORE HOLDINGS, and its wholly owned subsidiaries.
21

22 176. Defendant Rocho profited by engaging in the wrongful conduct set
23 forth above. Most prominently, Defendant Rocho is scheduled to make several
24 millions of dollars in unjust profits from his attainment of 18.64% Class "A"
25 Common Stock in Third-Party MATTERFI.
26

1 177. These profits should not be held or retained by the Defendant Rocho
2 and should be disgorged back to CORE HOLDINGS, and its wholly owned
3 subsidiaries.

4 178. Defendant Rocho's enrichment is directly and causally related to the
5 detriment of CORE HOLDINGS, and its wholly owned subsidiaries.

6 179. These benefits were accepted by Defendant Rocho under such
7 circumstances that it would be inequitable for them to be retained without
8 payment.

9 180. Defendant Rocho voted and approved the initial investment in Third-
10 Party MATTERFI for no other purpose than to reap the profits of the stock
11 Defendant Rocho acquired without full disclosure.

12 181. As alleged above, Defendant Rocho breached his fiduciary duties
13 and/or abused his positions of control to CORE HOLDINGS, and its wholly
14 owned subsidiaries. Therefore, Defendant Rocho is not justified in retaining the
15 benefits conferred upon him.

16 182. Plaintiffs allege this claim as an alternative in the event they are
17 without remedy at law.

18 183. The acts of Defendant Rocho were done maliciously, oppressively,
19 and with intent to defraud.

20 184. Plaintiffs are entitled to damages in an amount to be shown
21 according to proof at time of trial, in an amount more than \$100,000.00, not
22 including attorney fees, interest and other costs.

TWELFTH CLAIM FOR RELIEF

12. REQUEST FOR INJUNCTION

3 185. Plaintiffs incorporate each paragraph above into this claim.

4 186. Pursuant to A.R.S 12-1801, the Court has the authority to grant
5 injunctive relief.

7 187. Plaintiffs CORE HOLDINGS, VAULT LOGIC, CORE
8 SOFTWARE, and CAPITAL HERO have suffered irreparable injury or there is a
9 substantial likelihood they will continue to suffer substantial irreparable injury as a
10 result of Defendant Rocho's fraud and repeated false representations regarding his
11 conduct in acquiring an interest in MATTERFI.
12

13 188. Defendant Rocho's possession of 18.64% founders stock in Third-
14 Party MATTERFI is illegal criminal activity in violation of Arizona and Federal
15 Law.

189. Defendant Rocho is currently in negotiations to convert and/or
misappropriate this founders stock in Third-Party MATTERFI if he is not enjoined
from doing so.

20 190. Plaintiffs have no adequate remedy at law to protect their interests in
21 Third-Party MATTERFI if the illegal actions of Defendant Rocho are not
22 restrained

24 191. The sale of the 18.64% founders stock Defendant Rocho illegally
25 acquired would constitute an irreparable injury, with incalculable damages for
26 Plaintiffs

1 192. WHEREFORE, Plaintiffs pray that the Court enter a temporary
2 restraining order and permanent injunction against Defendant Rocho ordering the
3 following:

- 5 a. That Defendant Rocho shall immediately surrender possession of the
6 18.64% founders stock in Third-Party MATTERFI.
7 b. That Defendant Rocho shall not assert any interest in Third-Party
8 MATTERFI.
9 c. That Defendant Rocho does not interfere with the ongoing business
10 between Plaintiffs and Third-Party MATTERFI.
11 d. That this Court order any other equitable relief deemed warranted and
12 equitable under the circumstances.
13

PUNITIVE DAMAGES

16 193. Plaintiffs incorporate each paragraph above into this claim.

17 194. Defendant Rocho engaged in conduct, acts, and omissions to serve
18 his own interest and pursued a course of conduct having reason to know of, yet
19 consciously disregarding a substantial risk that such conduct might significantly
20 injure the rights of Plaintiffs.
21

22 195. The willful and intentional acts, as set forth in this complaint are of
23 such an aggravated or outrageous nature to indicate motive by an evil and corrupt
24 mind, coupled with an evil and corrupt hand.
25

1 196. A punitive damages award against Defendant Rocho in an amount to
2 be proven at trial is fully justified and warranted and would have the effect of
3 deterring others from committing similar acts or omissions.

PRAYER FOR RELIEF

6 WEREFORE, Plaintiffs pray for judgment against Defendant Rocho as follows:

7 (a) Awarding damages against Defendant Rocho in an amount to be proven
8 at trial;
9

(b) Awarding a preliminary and/or permanent injunction precluding

11 Defendant Rocho from exercising or selling the misappropriated stock
12 he received in Third-Party MATTERFI;

13 (c) Awarding restitution, disgorgement of all illicit proceeds generated as a
14 result of the wrongful conduct alleged herein, and punitive damages;
15

16 (d) Awarding pre-judgment interest, as well as reasonable attorneys' fees
17 and other costs;

18 (e) For punitive damages to be consistent with proof in this action; and
19
20 (f) Awarding such other relief as this Court may deem just and proper.

22 Dated: December 30, 2021

23

24

25

20

27

1

COMPLAINT

1

JURY TRIAL DEMAND

2

3

4

Plaintiffs hereby demand a trial by jury of all issues which are subject to
adjudication by a trier of fact.

5

Dated: December 30, 2021

6

7

8

/s/ Stephen A. Crane Jr.

9

Stephen A. Crane Jr. (*pro hac vice pending*)

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10

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